

Washington, D.C. 20505

10 JUN 1981

COMPT 81-0675

The Honorable Ted Stevens
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

As you know, the attractiveness of serving overseas has declined significantly in recent years. Financial hardships associated with overseas inflation, the difficulty of finding employment for working spouses, and the increasing physical risks of performing clandestine intelligence activities have made it more difficult to get officers to serve repeated tours overseas. (C)

The 9 percent pay increase recently granted under the Foreign Service Act of 1980 to members of the Foreign Service--which did not apply to CIA employees--has raised questions of equity and has created morale problems. Our officers work closely with Foreign Service personnel overseas. [REDACTED]

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Both my predecessor and I, after reviewing the problems of retention of good people, overseas costs, and morale, have come to the conclusion that additional compensation for our people serving overseas is necessary to achieve our mission. I have therefore decided to implement in July of this year, under authority of the CIA Act of 1949, a pay increase of between \$1,053 and \$4,277 per year (limited by the existing federal pay cap) for CIA personnel while they serve overseas. I believe the overseas pay adjustment will meet the intended purpose of providing suitable incentives and--more importantly--less disincentives for overseas service than the current compensation scales. The costs for the remainder of Fiscal Year 1981 are estimated to be under \$2.0 million, which CIA will absorb without the need for additional appropriations. (S)

I and my staff are prepared to provide you with further information on this matter should you so desire. (U)

Sincerely,

/s/ William J. Casey

William J. Casey

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